

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 9/26/2014

GAIN Report Number: TH4084

Thailand

Grain and Feed Update

September 2014

Approved By:

Bobby Richey,
Agricultural Counselor

Prepared By:

Ponnarong Prasertsri
Agricultural Specialist

Report Highlights:

TH4084 – MY2014/15 corn is 30 percent harvested. Reservoirs remain critically low for next off-season crops. Rice exports in 2014 continue strong driven by the government-to-government contracts.

Post:
Bangkok

Executive Summary:

The progress of the MY2014/15 corn harvest is far below 2013 due to late planting caused by drought.

Reservoirs remain critically low due to below normal precipitation, which will likely limit MY2014/15 off-season crop acreage expansion, particularly for rice in the central plain. Rice exports will likely continue strong for the remaining months of 2014 driven by the government-to-government contracts. Also, the Thai Government announced that future sales of its rice stocks will only limit for export.

Author Defined:

1. Likely Low Precipitation and Critical Reservoirs

According to the Thai Meteorological Department (TMD), average precipitation for the whole country was 4 percent above normal levels in August 2014 (Table 1). Precipitation is well above normal in major growing areas of corn in the central and the north. This helped limit the drought damage on corn production, particularly for replanted corn crop.

Table 1: Precipitation in August 2014						
Region	Precipitation					
	August	Above/Below Normal Average		Cumulative Jan. - Aug.	Above/Below Normal Average	
	(Millimeter)	(Millimeter)	%	(Millimeter)	(Millimeter)	%
North	244	20.9	9	800	-47.1	-6
Northeast	261	-5.3	-2	1,030	7.6	1
Central Plain	194	13	7	660	-128.6	-16
East	285	-17.1	-6	1,064	-207.3	-16
South (East Coast)	141	16.7	13	578	160	-22
South (West Coast)	445	46.9	12	1,712	51.3	3

Source: Thai Meteorological Department

The TMD expects 1 to 4 percent below normal precipitation (Table 2) during the remaining months of the rainy season in major growing areas of rice. Thus far, precipitation in September and cumulative 2014 rainfall is still far below normal in the north and central plain (Figure 1). This could dampen average yield of MY2014/15 main-crop rice production. Also, reservoirs remains critically low (Figure 2) which will affect the next off-season rice cultivation which normally begins in November. The Royal Irrigation Department (RID) announced that it would limit MY2014/15 off-season crop acreage at 2 million rai (0.3 million hectares) in the central plain which accounts for half of the off-season rice cultivation. The RID encouraged farmers to shift to alternative crops to avoid possible drought damage regarding current critical reservoir levels.

Table 2: Estimated Average Precipitation during September - October 2014

	September	Above/Below Normal		October	Above/Below Normal	
	(Millimeter)	(Millimeter)	%	(Millimeter)	(Millimeter)	%
North	215	-3	-1.5	120	-4	-3.3
Northeast	245	3	1.2	110	-7	-6.1
Central Plain	255	-2	-0.9	185	-2	-1.1
East	330.1	69	26.2	215	-10	-4.5
South (East Coast)	150	0	-0.1	250	-5	-2.1
South (West Coast)	450	26	6.2	350	-17	-4.5

Source: Thai Meteorological Department

Figure 1: Cumulative Rainfall Deviated from Normal Average

September 1-24, 2014

January 1 – September 24, 2014

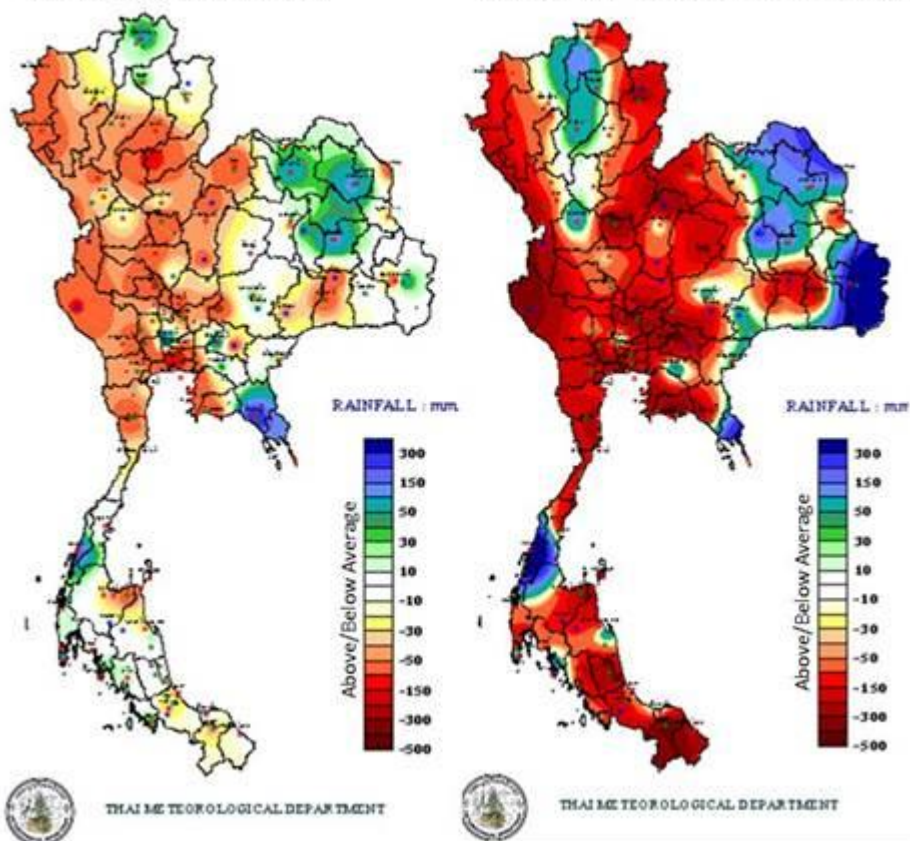
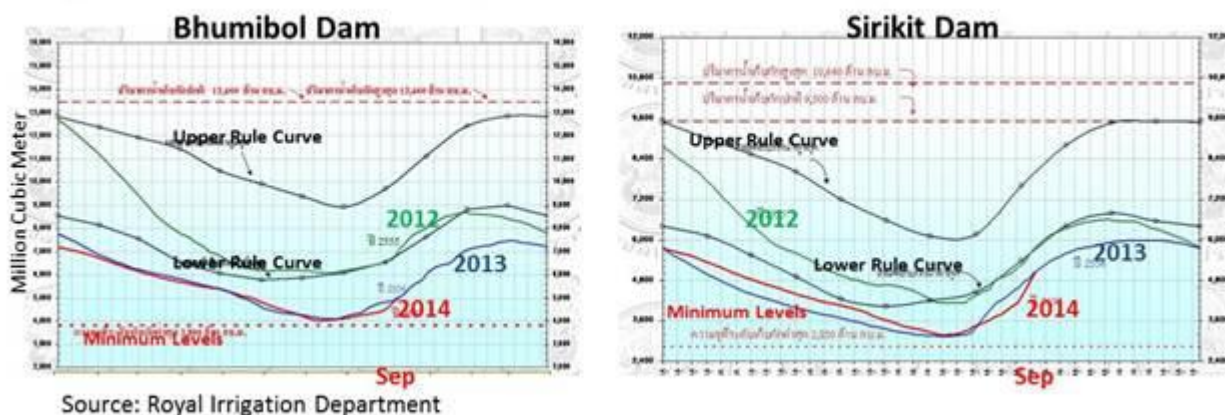


Figure 2: Reservoir Levels in Major Dams for Off-Season Crops



2. Corn Harvest Underway

As of September 24, 2014, MY2014/15 corn is reportedly 30 percent harvested compared to 40-50 percent (which is normal) in the same period in 2013 due to the delayed crop planting caused by drought. The average yield is reportedly lower than last year in major growing areas in the northern and northeastern regions. Post's forecast of MY2014/15 rice and corn production remains unchanged from the previous estimate, which expected a 2 to 3 percent reduction in corn and rice production due mainly to a reduction in average yield.

3. Rice Exports Strong Despite Limited Sales of Rice Stocks

Post's forecast of Thai rice exports in 2014 remains unchanged from the previous forecast of 9.5 million metric tons. According to the Thai Custom Department, rice exports from January – August 2014 totaled 6.6 million metric tons, up 59 percent from the same period last year. Rice exports are likely to continue strong in the remaining months of the year driven by the government-to-government contracts. The Thai Government signed three contracts totaling 575,000 metric tons with China, Indonesia, and the Philippines during August – September 2014. The contracts mostly consisted of new-crop white rice (Table 3). The deliveries will likely be completed by December 2014. All of them are subcontracted to rice exporters. The qualified exporters will receive an export subsidy of \$20/MT and \$25-30/MT for the shipments under the government-to-government contracts with China and the Philippines. The subsidies will be paid in rice from the government stocks. Over the past several months, the Thai Government has made only limited sales of rice stocks in order to avoid downward pressure of cash prices. In addition, on September 24, 2014 the Thai Government announced that future sales of rice from its stocks will be limited for exporters who have purchase orders. This is being done to further limit downward price pressure in advance of the main-crop rice harvest.

Table 3: Thai Rice Shipments under the Government-to-Government Contracts
between September - December 2014

Destination	Rice Quality				
	New-Crop White Rice			Old-Crop White rice	Total
	5% Grade	15% Grade	25% Grade	5% Grade	
China	100,000 (\$450/MT, FOB)	-	-	-	100,000
Indonesia	50,000 (\$475/MT, C&F)	100,000 (\$455/MT, C&F)	-	25,000 (N.A.)	175,000
Philippines	-	-	300,000 (\$475/MT, CIF)	-	300,000
Grand Total	150,000	100,000	300,000	25,000	575,000

Appendix Tables

Table 1 A: Thailand's Rice Production, Supply and Demand

Rice, Milled Thailand	2012/ 2013		2013/ 2014		2014/ 2015		
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	10,837	10,837	10,920	10,920	10,900	10,900	(1000 HA)
Beginning Stocks	9,330	9,330	12,808	12,808	13,193	13,193	(1000 MT)
Milled Production	20,200	20,200	20,460	20,460	20,500	20,130	(1000 MT)
Rough Production	30,606	30,606	31,000	31,000	31,061	30,500	(1000 MT)
Milling Rate (.9999)	6,600	6,600	6,600	6,600	6,600	6,600	(1000 MT)
MY Imports	600	600	300	300	300	300	(1000 MT)
TY Imports	600	600	300	300	300	300	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	30,130	30,130	33,568	33,568	33,993	33,623	(1000 MT)
MY Exports	6,722	6,722	9,500	9,500	10,000	10,000	(1000 MT)
TY Exports	6,722	6,722	9,500	9,500	10,000	10,000	(1000 MT)
Consumption and Residual	10,600	10,600	10,875	10,875	10,900	10,900	(1000 MT)
Ending Stocks	12,808	12,808	13,193	13,193	13,093	12,723	(1000 MT)
Total Distribution	30,130	30,130	33,568	33,568	33,993	33,623	(1000 MT)
Yield (Rough)	3	2.8242	3	2.8388	3	2.7982	(MT/HA)

Table 1B: Thailand's Paddy Area, Production, and Yield

	2012/13			2013/14 (September 2014)			2014/15 (September 2014)		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)									
Cultivation	9,288	2,160	11,448	9,288	2,100	11,388	9,288	2,100	11,388
Harvest	8,737	2,100	10,837	8,920	2,000	10,920	8,900	2,000	10,900
Production (million ton)									
Rough	21,471	9,135	30,606	22,400	8,600	31,000	22,000	8,500	30,500
Rice	14,171	6,029	20,200	14,784	5,676	20,460	14,520	5,610	20,130
Yield (ton/hectare)	2.457	4.350	2.824	2.511	4.300	2.839	2.472	4.250	2.798

Source: FAS Estimate

Table 2: Thailand's Corn Production, Supply and Demand

Corn Thailand	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	1,080	1,080	1,120	1,120	1,100	1,100	(1000 HA)
Beginning Stocks	515	515	643	643	144	119	(1000 MT)
Production	4,600	4,600	4,900	4,900	4,900	4,750	(1000 MT)
MY Imports	400	400	600	600	600	600	(1000 MT)
TY Imports	400	400	600	600	600	600	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	5,515	5,515	6,143	6,143	5,644	5,469	(1000 MT)
MY Exports	72	72	1,099	1,099	100	60	(1000 MT)
TY Exports	114	115	1,050	1,050	100	60	(1000 MT)
Feed and Residual	4,700	4,700	4,800	4,825	5,200	5,200	(1000 MT)
FSI Consumption	100	100	100	100	100	100	(1000 MT)
Total Consumption	4,800	4,800	4,900	4,925	5,300	5,300	(1000 MT)
Ending Stocks	643	643	144	119	244	109	(1000 MT)
Total Distribution	5,515	5,515	6,143	6,143	5,644	5,469	(1000 MT)
Yield	4.	4.2593	4.	4.375	4.	4.3182	(MT/ HA)

End of report